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SUBJECT: OMAN AND THE U.S. KICK OFF CIVIL NUCLEAR COOPERATION

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CLASSIFIED BY: Richard Schmierer, Ambassador, Department of State,
Embassy Muscat; REASON: 1.4(B), (D)

11. (C) SUMMARY: A U.S. delegation composed of experts in the field of civil nuclear technology met on January 24 with Oman's Nuclear Steering Committee regarding areas for potential cooperation. The composition of the Committee, with members from relevant ministries, is indicative of Oman's serious interest in developing its civil nuclear capabilities. The new, and by Omani standards rapidly progressing, interest in civil nuclear technology, is unsurprising given the government's recognition that Oman will require twice the amount of energy it now consumes in a mere ten years. Therefore, the Committee seemed keen for future cooperation with the U.S., particularly in developing appropriate human resource capacity to handle Omani nuclear endeavors. This is an ideal and crucial time for U.S. nuclear cooperation with Oman. END SUMMARY.

12. (C) MEETINGS BETWEEN U.S. DELEGATION AND OMAN'S NUCLEAR STEERING COMMITTEE: On January 24, a team of civil nuclear experts from the Department of State and the Department of Energy, led by Alex Burkart, Deputy Director of the Office of Nuclear Energy, Safety and Security in the Department of State, met with members of Oman's Nuclear Steering Committee to discuss areas for U.S. - Oman cooperation. Oman's Nuclear Steering Committee is composed of Sayyid Badr, Secretary General of the Ministry of Foreign Affairs and chairperson of the Committee, Dr. Hadj Slimane Cherif, Head of the Peaceful Nuclear Technology Office (PNTTO), Hafidh Al Ghannami, Economic Expert at the Ministry of National Economy, Dr. Ahmed Al Rawas, Professor of Physics at Sultan Qaboos University, Ali Al Ghafri, Director General at the Public Authority for Electricity and Water, Dr. Mohammed Al Busaidi, Ambassador at the PNTTO, and Fauod Al Farsi, Assistant Legal Advisor at the Ministry of Legal Affairs.

13. (C) INTEREST IN WORKING WITH THE U.S.: The Committee was receptive to many of the U.S. nuclear cooperation programs presented by the delegation, although it noted on two occasions the need to tailor the programs to meet specific needs in Oman. The delegation members emphasized the need for an independent regulatory authority for Oman's nuclear programs/activities, a goal which the Committee had already identified and strongly supports. The Committee members sought U.S. delegation assistance to properly establish a nuclear regulatory framework, although the specifics of such a framework were not discussed. Although not mentioning a specific purpose, Omani officials inquired several times about entering into a MOU with the Departments of Energy and State with a likely goal to solidify the partnership with the U.S. (NOTE: EconOff has previously been asked about potential MOUs, as Dr. Cherif was following up on conversations he had with Department of Energy and Nuclear Regulatory Commission officials at an IAEA conference over a year ago. These conversations took place prior to

the Omani MOU on nuclear cooperation with the Russians (para 4). END NOTE). The delegation explained that a MOU is not immediately necessary for cooperation and, depending upon the type of assistance requested, "statements of intent to cooperate" and/or "agreements for cooperation" may be required. The Omanis were keenly interested in these options. Committee members, especially Dr. Al Rawas, expressed particular interest in State's nascent international reactor laboratory. The Committee, however, clarified that they are not interested in discussing a 1-2-3 Agreement at this time.

¶4. (C) OMAN'S NUCLEAR STEERING COMMITTEE AND INTERNATIONAL INVOLVEMENT: The Nuclear Steering Committee is new to Oman, having been formed by Royal Decree in January 2009. In the short period since it was formed, the Committee has been active, spearheading Oman's entry into the International Atomic Energy Association (IAEA) on February 5, 2009 and completing a MOU with Russia's Nuclear Energy State Cooperation Commission in June 2009 (reftel A). (NOTE: Oman's first international agreements on nuclear issues were its accession in 2006 to the Non-Proliferation Treaty and its membership in the Global Nuclear Energy Partnership which began in ¶2008. END NOTE). Since joining the IAEA, Oman has benefitted from technical cooperation focusing on energy planning and human health applications in 2009, and energy planning, human health, environmental and radiation in 2010.

¶5. (C) NUCLEAR STRATEGY: During the meeting Dr. Cherif set forth the current vision for nuclear development in Oman involving a strategic framework which will occur in phases. The initial phase would have two parallel goals of developing a regulatory framework and cultivating the human resource expertise to work in the nuclear field. Accordingly, the Committee heavily emphasized the need to have Omanis who have hands-on experience working with nuclear materials. The second phase would include direct work with nuclear materials, including the expansion of the nuclear medicine program and radioactive material disposal. Following Oman's typically cautious style, more ambitious projects would then be considered once the proper infrastructure is in place. Based upon the Committee's inquiries this might include a Phase IV reactor, most likely a small modular light water reactor.

¶6. (C) POTENTIAL REGIONAL COOPERATION: The Committee also clarified the Gulf Cooperation Council's (GCC) approach in the nuclear field to delegation members. From the Committee's standpoint the focus of the GCC working group for cooperation is on the peaceful use of nuclear energy for electricity and desalinization. However, the GCC has not yet identified any particular areas for cooperation among member states nor defined basic parameters, such as whether GCC members would share a common infrastructure or allow joint ownership.

¶7. (C) OMAN'S ENERGY NEEDS: The formation of the Committee was timely due to the anticipated dramatic increase in Oman's electricity demand, forecasted to jump from this year's 4000 megawatts (mw) to 8000 mw by 2020. In addition to nuclear power, Oman is currently exploring several alternative sources of energy to satisfy the increased demand, including wind and solar power, coal, and natural gas. Alternative forms of energy are unlikely to meet Omani demands by 2020, however. Based upon current technology, the most optimistic projection is that there will be one solar power plant capable of producing 200 mw by 2020. Due to Oman's focus on the environment, coal is also unlikely to be a source of energy for Oman, a point which was confirmed to Econoff by two Committee members who were part of the symposium created by royal directive to study the use of coal. However, the Oman News Agency (ONA), reporting on the symposium, intoned that coal will be the last resort if no other cost-effective options or technological advancements are identified. Oman has already identified the Iranian Kish gas field as a potential source of natural gas to serve its energy needs (reftel B). Due to a costly price tag a deal has yet to be struck, although there are rumors of an arrangement wherein Uzbekistan would sell natural gas to Iranian to free up the

Kish resources to be sold to Oman. Regarding nuclear power, the Committee informed the delegation that a feasibility study will shortly be conducted upon which the strategic framework for nuclear development in Oman will be based. However, it was made clear throughout the discussions that the Omanis have not yet decided to pursue nuclear power as a source of energy.

18. (C) COMMENT. In less than five years Oman has joined major nuclear treaties and organizations, created a nuclear technology office within the MFA, formed a nuclear steering committee composed of stakeholders from various ministries, and begun engagement for technical assistance with the IAEA. By Omani standards, civil nuclear development is moving at warp speed. However, despite the rapidity of progress, Oman remains pragmatic in its nuclear plans. The progression from the planned feasibility study to a strategic plan and then to implementation in phases is a tempered approach. The pace of development is probably reflective of Oman's tremendous need for another energy source and the relative paucity of viable options. Although a small country, Oman has dramatically developed in less than 40 years and shown accuracy in its ability to predict future needs as well as a strong commitment to obtaining the resources necessary to carry out its ambitious development plans. As the USG has continually discouraged Oman from partnering with Iran on the Kish gas fields, and as Oman has shown a willingness then to turn to others if the USG is unresponsive, it is in our strategic interest to assist Oman in viewing nuclear power as a viable alternative to a long-term commitment with Iran. Entering into nuclear cooperation agreements with Oman in a timely manner is the best way to advance our interests. END COMMENT.
Schmierer